1. <u>Background and Narrative of Budget Reductions:</u>

Cost Containment Measures

FY 12

In FY 12, the Board of Education approved the following cost savings measures:

1. 7 teacher retirements:
   a. Did not replace a counselor
   b. Through attrition, did not replace a kindergarten section (Lincoln reduced from 4 sections to 3)
   c. Central School was reduced from 18 sections to 17

2. Reduction of Force of 7 Teaching Assistants
3. Reduction from 10 reading specialists to 9
4. Reduction of McKinley School 2nd grade section (from 4 to 3). Transfer to open positions in the district due to retirement.
5. Reduction of line items: Eliminate reading workbooks for a savings of $34,000
6. Elimination of VIP coordinator stipends $7,000
7. TRS penalty off of the books $90,000

The approximate savings was calculated at $875,000. By the end of the year, we had an unanticipated veteran teacher resignation and a nurse retirement that brought the total savings to approximately **$925,000.**

FY13

In FY13, the Board of Education approved the following cost savings measures:

1. With 4 teacher retirements, only 3 positions were replaced
2. Central School was reduced from 17 sections to 16. This was accomplished by rescheduling specialists throughout the district.
3. Administrative retirement = $31,618
4. Elimination of RtI Teaching Assistants (5 T.A.'s) = $132,500
5. Reduction of a second grade section at McKinley (from 4 to 3); transfer to another school. Classroom sizes raised to 25 for K and 1st; upper 20's to 30 in 2nd through 8th. Savings = $44,018
6. Eliminate District Printer position = $20,061
7. Eliminate District Data Coordinator Position = $55,226
8. Reduction of Line Items: Final payment of science texts $125,000
9. Elimination of planetarium $3,694

The approximate savings was totaled at **$662,473**

It is important to note that in February of 2013 the Board of Education and the OEEA held a negotiation and agreed to a new HCA (Health Care Account) format for our insurance. The estimated savings for FY14 was between $150,000 - $200,000. Due to Obamacare taxes that were imposed on January

1, 2014, we will see this estimated savings reduced by approximately $80,000 ($43 - $59 per family plan X 12 months; $20 per single plan X 12 months)

FY14

In FY14, the Board of Education approved the following cost savings measures:

1. Retirements. Do not replace one special education position through attrition. Do not recall one T.A. position: Potential savings approximately **$281,000**
2. Nurse Reconfiguration: **$20,000**
3. Eliminate Summer School: **$30,000**
4. Eliminate Ball Game Stipends **$12,862**
5. Eliminate CCAT Positions: **$6,250**
6. Eliminate Attorney at Board Meetings: **$3,300**

Approximate total savings = **$353,412**

FY15

In FY15, the Board of Education approved the following cost savings measures:

1. Eliminate 2 elementary technology positions = $94,114
2. Reduction in Force of one counselor = $71,203
3. 9 retirements at an estimated savings = $341,771
4. Did not replace 2 open teacher positions at Shepherd (1 retirement/1 resignation) = $90,000
5. Reduction of a 4th section of 1st grade at McKinley; transferred individual to an open position in kindergarten due to a resignation = $74,000

Approximate total savings = **$673,088**

FY16

In FY16, the Board of Education approved the following cost savings measures:

1. Reduce One Dean position; share on dean between Central and Shepherd Schools = $75,000
2. Eliminate 3 regular classroom instructional support paraprofessionals = $74,000
3. Do not replace 2 custodian retirements = $100,000
4. Do not replace 1 retiring cook position = $31,000
5. Do not replace 1 retiring technology assistant position = $48,000
6. Retirements = $78,000

Approximate total savings = **$406,000**

<u>FY17</u>

Savings = $329,046

Eliminate 1 Art position = $126,054
Retirements (7) = $212,992

Approximate total savings = $339,046

FY12 = $925,000
FY13 = $662,473
FY14 = $353,412
FY15 = $673,088
FY16 = $406,000
FY17 = $339,046

Total = $3,357,019

2. <u>Assumptions used in the deficit reduction plan:</u>
   The new EBF funding has called for district's to meet their Adequacy Target. This is typically accomplished through new hires. The district has made new hires for programs the last 2 years in an effort to target areas specified through research as having the highest statistical impact on student achievement. However, with the Hold Harmless decree for FY21, we will not be recommending new hires for FY22. We have clear explanations for the increase in expenditures in the O&M fund and Transportation fund.

   <u>EBF and Estimated New Tier Funding:</u>

   We will not be receiving Tier funding this year due to the Hold Harmless proclamation. However, OES remains Tier One and will receive the same dollar amount as last year.

   <u>Equal Assessed Valuation and Tax Rates:</u>

   Our EAV has continued to increase since bottoming out in 2014-15. There will be Additional revenues in FY21 from the local tax base. We believe, at this time, that the EAV will continue to increase as local housing sales continue to flourish.

EAV 2007-08: $272,498,095	Tax Rate: 3.6657
EAV 2008-09: $298,306,827	Tax Rate: 3.6282
EAV 2009-10: $317,148,209	Tax Rate: 3.6003

EAV 2010-11: $318,641,713	Tax Rate: 3.6128
EAV 2011-12: $308,553,195	Tax Rate: 3.8400
EAV 2012-13: $292,853,750	Tax Rate: 3.95395
EAV 2012-13: $280,482,728	Tax Rate: 4.01376
EAV 2013-14: $264,009,458	Tax Rate: 3.98246
EAV 2014-15: $261,133,987	Tax Rate: 4.05945
EAV 2015-16: $266,031,067	Tax Rate: 4.43785
EAV 2016-17: $276,652,437	Tax Rate: 4.37409
EAV 2017-18: $283,819,523	Tax Rate: 4.23345
EAV 2018-19: $293,440,898	Tax Rate: 4.19713
EAV 2019-20: $302,360,748	Tax Rate: 4.13167

Employee Salaries and Benefits:

Our employees are in year 3 of a 4 year bargaining agreement. While our insurance premiums increased last year, we offset the increase with a higher deductible and higher premium portion from employees. Both will increase again in 2021-22.

Short and Long Term Borrowing:

We issued a $6.2 million bond in 2017. The final installment is scheduled for December 1 of 2020. $1.5 million of the $6.2 million bond was earmarked for capital projects. This will be used to offset the cost of the O&M deficit. The O&M deficit is due to a masonry, window, and roof project at Jefferson School approximated to be $2.7 million in cost.

In addition to the bond monies, the district issued a $1.5 million debt certificate that will be financed through excess TIF proceeds. The TIF proceeds is partially the result of a negotiated contract with the city for a downtown TIF and inclusive of other TIFs surplus payments. The taxpayers will have no obligation on their tax bill to pay for the Debt Certificate because the TIF proceeds will cover the annual installments.

Finally, the roof project at Jefferson is being covered by Life Safety money that was levied over a 3 year period and banked for the project.

In the end, the entire $2.7 million project will not raise the tax bills one cent.

We currently anticipate a $4.6 million balance in the working cash fund at the close of FY21. There is one installment scheduled on Dec. 1. Afterwards, the entire balance will be free of obligations. The district also forecasts a reserve in the Ed fund of $2.3 million at the end of FY21.

Educational Impact:

The upgrade of the building will assist with natural lighting and a more aesthetic learning environment. Newer, safer buses for our students to be transported to and from school. Hires based upon the mandate to close the Adequacy Target has exposed students to more enrichment and support.

Other Assumptions:

The transportation deficit is due to the district taking out a second lease-to-own agreement for new buses before the previous lease-to-own was paid off. The previous lease-to-own final installment is this year. Another lease-to-own is not planned this year, leaving the district with one obligation of capital outlay in the transportation fund. Additionally, the district has renewed the contract with the local high school to provide transportation. This will bring additional dollars to the district as a higher amount was negotiated with the high school.

Ottawa Elementary School District 141

Deficit Reduction Plan-Background/Assumptions

Written by: Cleve Threadgill Superintendent

September 9, 2020